

ELLIS:LAWHORNE

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March 30, 2005

VIA ELECTRONIC MAIL AND HAND-DELIVERY

Charles L.A. Terreni, Executive Director
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia SC 29210

RE: Application of Lake Wylie Community Utilities, Inc. for Adjustment in
Rates and Charges for Water and Sewer Services
Docket No. 2004-353, *Our File No. 751-10186*

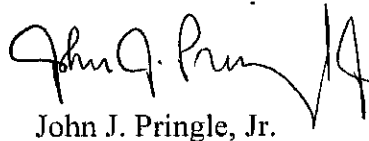
Dear Mr. Terreni:

Enclosed for filing please find an original and twenty-five (25) copies of the
Testimony of John C. Malpeli and the **Testimony of James Yokum, Jr.** for filing on behalf of
Lake Wylie Community Utilities, Inc. in the above-referenced docket.

Please stamp "received" the additional copy of this letter, and return with the
bearer of these documents.

With kind regards, I am

Yours truly,



John J. Pringle, Jr.

jjp/cr

Attachments

cc: Office of Regulatory Staff
Mr. John Malpeli (via first-class mail service)

IN RE:)
)
)
 Application of Lake Wylie Community)
 Utilities, Inc. for Adjustment in Rates) **TESTIMONY OF JOHN C. MALPELI**
 And Charges for Water and Sewer)
 Services)
)

A. My name is John C. Malpeli and my business address is 1295 State Line Road, Clover SC 29710.

A. I am an owner of Lake Wylie Community Utilities, Inc. ("Lake Wylie"). I manage Lake Wylie and am responsible for its day-to-day operations.

A. I operated a well water system in Michigan for approximately eight years. I moved to Lake Wylie in 1984 and have operated the system since then.

1 **Q: Describe how you originally became associated with Lake Wylie.**

2 A: In 1984, when I bought Southwoods Mobile Home Park, the utility company was part
3 and parcel of that purchase.

4
5 **Q. What are your job responsibilities in your current position?**

6 A. My responsibilities include the day-to-day management and oversight of the
7 Applicant's wastewater collection and treatment operations, contracting for the
8 provision of any necessary engineering services, and supervision of environmental
9 compliance. Additionally, I function as the business manager for Lake Wylie and am
10 involved with customer, vendor and contractor relations. I also oversee the
11 administrative staff in its work including billing and bookkeeping.

12
13 **Q: Who are the other owners of Lake Wylie?**

14 A: My wife Monica and my three children are also shareholders. However, I am the sole
15 shareholder with oversight and management responsibilities.

16
17 **Q. What is the purpose of your testimony in this proceeding?**

18 A. The purpose of my testimony is to provide the Commission with an overview of the
19 Applicant and its operations, and a description of the area in which the Company is
20 authorized to provide service. I will also provide a full explanation of why the
21 Company has a clear need for the rate relief requested.

1 **Q. Are there any exhibits that you would like to incorporate into your testimony at**
2 **this time?**

3 A. Yes there are. At this time, I would like to incorporate the Application filed in this
4 proceeding with the Commission, along with all of its accompanying exhibits and its
5 amendment.

6
7 **Q: Please describe the organizational structure of Lake Wylie.**

8 A: Lake Wylie is a South Carolina corporation incorporated on August 11, 2003. A copy
9 of Lake Wylie's Certificate of Existence is attached hereto as **Exhibit One**. Prior to
10 August 11, 2003, Lake Wylie operated as a general partnership.

11
12 **Q. What is the authorized service area of Lake Wylie?**

13 A. Lake Wylie is currently authorized to serve the Lake Wylie Mobile Home Park
14 ("MHP") and the Southwoods Subdivision, both of which are located in York County,
15 South Carolina.

16
17 **Q: Please describe the plant and facilities that comprise the water system in the**
18 **service area.**

19 A: Lake Wylie has two (2) wells that are 8 inches in diameter, and one 22,000-gallon
20 storage tank. The Number One Well is 380 feet deep, and produces 195 gallons per
21 minute (GPM). The Number Two Well is 340 feet deep, and produces 230 GPM.

1 **Q: Please describe the plant and facilities that comprise the water and sewer systems**
2 **in the service area.**

3 A: The treatment facility is a 90,000 gallon per day (“GPD”) activated sludge package
4 wastewater treatment plant. After treatment, the wastewater is chlorinated in a chlorine
5 contact chamber. Following de-chlorination, the remaining water is disposed of by
6 authorized discharge into Mill Creek.

7
8 **Q. How many customers and of what type does Lake Wylie currently serve?**

9 A. The Company currently serves approximately 270 customers in the Lake Wylie MHP
10 and the Southwoods Subdivision, all of which are residential.

11
12 **Q. Is Lake Wylie currently receiving any revenues from availability fees paid by lot**
13 **owners not currently receiving service?**

14 A. No, we are not.

15
16 **Q. Are you aware of any customer dissatisfaction with the Lake Wylie water and**
17 **wastewater service?**

18 A. No, I am not. In the event we receive complaints it is our policy to record all
19 complaints and rapidly dispatch Company personnel, usually me, to the customer’s
20 location. I try to immediately remedy any physical service problems, such as back ups
21 or leaks. Billing problems may take a longer period, but I still attempt to resolve them
22 as quickly as possible.

1 **Q. Is Lake Wylie providing water and wastewater treatment service to its customers**
2 **in conformity with the regulations and requirements of the South Carolina**
3 **Department of Health and Environmental Control (“DHEC”)?**

4 A. A letter and NPDES Compliance Inspection Reports from Hollon R. Stillwell of DHEC,
5 were filed with Commission in this Docket as Exhibit C to the Application. These
6 reports demonstrate that a sanitary survey of the drinking water system and an
7 inspection of the sewer treatment system serving the site were conducted, and Lake
8 Wylie received an overall rating of satisfactory. Therefore, the system is currently
9 being operated in general accordance with the regulations and requirements of DHEC.
10 Lake Wylie is committed to compliance with all regulatory requirements applicable to
11 its operations.

12
13 **Q. When did the system last have its rates modified?**

14 A. Technically the Company has never had a rate adjustment. Rates for the system were
15 established over twenty-two years ago, and have not been adjusted since that time. The
16 Commission granted Lake Wylie’s predecessor, Southwoods Utilities, a Certificate of
17 Public Convenience and Necessity to operate a water and sewer system in the proposed
18 service area on June 29, 1982, by Order No. 82-455 in Docket No. 82-66-W/S. At that
19 time, the Commission set a monthly residential sewer rate at \$10.00 and a monthly
20 residential sewer rate at \$10.00.

1 **Q: How did Lake Wylie come to be the owner and operator of the system?**

2 A: On June 25, 1984, Southwood Utilities requested a transfer of the water and sewer
3 systems to Lake Wylie Community Utilities. The Commission granted that request and
4 approved the transfer on October 4, 1984 by Order No. 84-799 in Docket 84-355-W/S.
5 As stated above, Lake Wylie has not received a rate adjustment since that order was
6 issued.

7
8 **Q. What major factors have contributed to the need for rate relief?**

9 A. The costs of operating the water and wastewater systems in the Lake Wylie MHP have
10 increased dramatically.

11
12 **Q: Have the Company's expenses increased since the last rate establishment case in**
13 **1982?**

14 A: Yes. Attached as **Exhibit Two** is a document summarizing certain revenue and expense
15 information from our Annual Reports on file with the Commission. As you can see,
16 from 1994 to 2002, total expenses for the utility increased from \$96,615 to
17 \$154,642.73. This represents an aggregate increase of over 60% in just 8 years. The
18 costs of complying with the requirements of various regulatory agencies have increased
19 significantly during the more than twenty-two years the system has been in operation.

1 **Q: Explain the relationship between the Lake Wylie Mobile Home Park (“MHP”) and**
2 **Lake Wylie Community Utilities, Inc.**

3 A: Lake Wylie MHP rents lots to residents of the MHP, and Lake Wylie Community
4 Utilities, Inc. provides water and wastewater service to residents of the MHP and the
5 Southwoods Subdivision.

6
7 **Q: Explain why there are some expenses that have been allocated between Lake Wylie**
8 **MHP and Lake Wylie Community Utilities, Inc.**

9 A: I have tried to operate the two separate companies as efficiently as possible, by
10 combining some expenses. As a result, Lake Wylie MHP and Lake Wylie Community
11 Utilities share facilities, manpower, and equipment.

12
13 **Q: How did you determine what allocations to use?**

14 A: Over the course of a fifteen-year period, my accountant and I have analyzed the
15 operations and financial history of the MHP and the utility in order to determine how to
16 apportion expenses between the two entities. For example, over the years, labor
17 allocated to the utility has increased due to customer growth, age of the systems, and
18 heightened government oversight and regulation.

19
20 **Q: Please explain the justification for your proposed re-connection fee of \$150.**

21 A: In disconnecting a customer, we are forced to provide the written notices required by
22 the Commission’s rules. In addition, we place a notice on the customer’s door the night

1 before disconnection is scheduled to take place. A service technician then must go to
2 the customer premises, and shut off their tap at the main by means of a key. Should the
3 customer reestablish service, a technician would then turn back on the tap at the main.

4
5 **Q: Please explain the justification for Lake Wylie's proposed administration fee of**
6 **\$45.**

7 A: Our office personnel incur substantial time in inputting customer information and
8 setting up a customer account. This charge will allow us to recoup those costs.

9
10 **Q. Please explain Adjustment No. 1 to the income statement for the test year.**

11 A. Adjustment No. 1 has taken the total \$50,000 professional fees expected to be incurred
12 as a result of this rate proceeding, and amortized it over a three-year period. At the
13 hearing in this proceeding, Lake Wylie will present evidence of the actual costs
14 incurred through that point.

15
16 **Q: Please describe some of the upgrades and changes to the water and wastewater**
17 **systems you have made since becoming an owner of Lake Wylie.**

18 A: We have replaced the gas chlorination system with a tablet chlorination system. In
19 addition, DHEC has required Lake Wylie to install a dechlorinator into the system.

1 **Q. Please comment on the amount of increase in water and sewer rates requested by**
2 **Lake Wylie.**

3 A. As I mentioned before, Lake Wylie has not requested or received a rate increase since
4 1982. In contrast, many of the larger utility companies have a policy of requesting an
5 increase every two or three years, and some make these requests even more frequently.
6 When a company adheres to such a rate strategy, its customers are not exposed to what
7 some characterize as the “rate shock” of less frequent increases that are larger in
8 magnitude.

9 At first glance, the customers receiving the less frequent but larger rate increases
10 may seem more disadvantaged than customers who arrive at the same rate through
11 several smaller rate increases. In fact, the exact opposite is true. Over time, the
12 customers whose rates have increased more frequently actually pay more total dollars
13 for their utility service. This is true, because the customers whose rates have increased
14 to the same level through a single larger jump reap the considerable economic savings
15 of receiving service in the years between rate increases at the lower old rate, rather than
16 the constantly increasing incremental rates.

17 In the case of Lake Wylie, customers have received service for over 22 years at
18 the lower 1982 rate instead of the incrementally higher rates that would have been
19 caused by more frequent increases. Also, the expense for filing and obtaining a rate
20 increase must be factored into the expenses of the utility. Obviously, more frequent
21 filings result in the need for higher rates.

1 **Q. Please explain to the Commission why this rate relief is necessary for Lake Wylie.**

2 A. Lake Wylie is experiencing an insufficient level of earnings, in view of the legal
3 requirements with which it must comply, and is desperately in need of rate relief. An
4 increase in rates is necessary in order to allow the Company to continue funding its
5 operations.

6
7 **Q: Are the rates and charges fair, reasonable, and necessary in order for the**
8 **Company to continue to provide a safe and reliable water and wastewater**
9 **treatment service?**

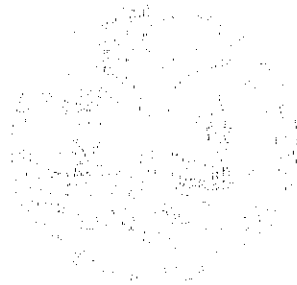
10 A: Yes. In order to keep providing the services which we have been providing, and
11 comply
12 with the conditions of its various regulatory requirements, Lake Wylie must have rate
13 relief. Lake Wylie believes that the proposed rates fairly distribute the cost to the
14 consumer of providing those services, while at the same time placing the Company on a
15 more solid financial footing, allowing the Company to perform necessary maintenance
16 to the system. The Company is committed to continuing to provide quality service in
17 an environmentally responsible manner. It is our belief that the rates requested are
18 reasonable, fair, responsible, non-discriminatory and justified in light of the consumer
19 needs, the Company's requirements to meet the customers' needs, and the Company's
20 commitment to do so in compliance with the regulations of this Commission, DHEC,
21 and other regulatory agencies with jurisdiction over Lake Wylie.

1 **Q.** **Does this conclude your testimony?**

2 **A.** Yes it does.

Exhibit One

The State of South Carolina



Office of Secretary of State Mark Hammond

Certificate of Existence

I, Mark Hammond, Secretary of State of South Carolina Hereby certify that:

LAKE WYLIE COMMUNITY UTILITIES, INC.,
a corporation duly organized under the laws of the State of South Carolina on August 11th, 2003, and having a perpetual duration unless otherwise indicated below, has as of the date hereof filed all reports due this office, paid all fees, taxes and penalties owed to the Secretary of State, that the Secretary of State has not mailed notice to the Corporation that it is subject to being dissolved by administrative action pursuant to section 33-14-210 of the South Carolina Code, and that the corporation has not filed articles of dissolution as of the date hereof.

Given under my Hand and the Great
Seal of the State of South Carolina this
25th day of March, 2005.

A handwritten signature in cursive script that reads "Mark Hammond".
Mark Hammond, Secretary of State

LAKE WYLIE ANNUAL
WATER AND SEWERAGE DISPOSAL UTILITY
FINANCIAL INFORMATION
DRAWN FROM ANNUAL REPORTS ON FILE WITH
THE SOUTH CAROLINA PUBLIC SERVICE COMMISSION

1994

<i>Service</i>	<i>Total Revenue</i>	<i>Total Expenses</i>
Water	\$37,193.00	\$53,879.00
Sewerage Disposal	\$31,430.00	\$42,736.00
Aggregate	\$68,623.00	\$96,615.00

1995

<i>Service</i>	<i>Total Revenue</i>	<i>Total Expenses</i>
Water	\$39,910.00	\$53,679.00
Sewerage Disposal	\$35,470.00	\$55,254.00
Aggregate	\$75,380.00	\$108,933.00

1996

<i>Service</i>	<i>Total Revenue</i>	<i>Total Expenses</i>
Water	\$42,334.00	\$52,825.00
Sewerage Disposal	\$37,630.00	\$57,441.00
Aggregate	\$79,964.00	\$110,266.00

1997

<i>Service</i>	<i>Total Revenue</i>	<i>Total Expenses</i>
Water	\$43,841.00	\$66,260.00
Sewerage Disposal	\$38,970.00	\$56,380.00
Aggregate	\$82,811.00	\$122,640.00

1998

<i>Service</i>	<i>Total Revenue</i>	<i>Total Expenses</i>
Water	\$44,376.50	\$83,170.33
Sewerage Disposal	\$39,430.00	\$68,708.30
Aggregate	\$83,806.50	\$151,878.63

2000

<i>Service</i>	<i>Total Revenue</i>	<i>Total Expenses</i>
Water	\$44,082.75	\$91,123.59
Sewerage Disposal	\$39,170.00	\$76,838.37
Aggregate	\$83,252.75	\$167,961.96

2001

<i>Service</i>	<i>Total Revenue</i>	<i>Total Expenses</i>
Water	\$42,263.75	\$87,878.81
Sewerage Disposal	\$37,590.00	\$71,224.01
Aggregate	\$79,853.75	\$159,102.82

2002

<i>Service</i>	<i>Total Revenue</i>	<i>Total Expenses</i>
Water	\$40,403.50	\$80,441.97
Sewerage Disposal	\$35,790.00	\$74,200.76
Aggregate	\$76,193.50	\$154,642.73

IN RE:)
)
)
Application of Lake Wylie Community)
Utilities, Inc. for Adjustment in Rates) **TESTIMONY OF JAMES YOKUM, JR.**
And Charges for Water and Sewer)
Services)
)

A. My name is James Yokum, Jr. and my business address is 40500-F Grand River Avenue, Novi MI 48375.

A. I own and operate Yokum & Co., an accounting and tax service business.

A. I have practiced public accounting for 35 years, and have been a Certified Public Accountant (“CPA”) for 31 years.

1 **Q. What is the purpose of your testimony in this proceeding?**

2 A. The purpose of my testimony is to support the rates proposed by Lake Wylie Utilities,
3 Inc. in connection with this proceeding, to explain and justify the expenses incurred by
4 the Company and to explain and justify the expense adjustments proposed by the
5 Company.

6
7 **Q: Are you responsible for preparing tax returns and financial statements on behalf**
8 **of Lake Wylie?**

9 A: Yes.

10
11 **Q: How long have you been performing these duties for Lake Wylie?**

12 A: 21 years.

13
14 **Q. Please explain Adjustment No. 2 to the Company's Adjusted Income Statement.**

15 A. The Company has made an adjustment to account for the income taxes owed based
16 upon the income to be earned by virtue of the proposed rate schedule. Because Lake
17 Wylie is treated by the Internal Revenue Service and the South Carolina Department of
18 Revenue as a Subchapter S corporation, the Company's shareholders will be taxed at a
19 federal income tax rate of 25%, and South Carolina's 5% state income tax rate.
20 Accordingly, state and federal taxes of \$19,925.06 will be incurred.

1 **Q: Please explain the Company’s depreciation schedule.**

2 A: The assets of Lake Wylie Utilities, Inc. are depreciated on a straight-line basis, based on
3 the anticipated useful life of the asset. The plant is depreciated at 20-25 years,
4 equipment at 10 years and vehicles at 5 years. In the years of acquisition and disposal
5 of an asset a half-year of depreciation is taken.

6
7 **Q: Explain the relationship between the Lake Wylie Mobile Home Park (“MHP”) and**
8 **Lake Wylie Community Utilities, Inc.**

9 A: Both companies are owned and operated by the same family. The companies utilize the
10 same assets and staff members to operate both companies.

11
12 **Q: Explain why there are some expenses that have been allocated between Lake Wylie**
13 **MHP and Lake Wylie Community Utilities, Inc.**

14 A: The documents attached hereto as **Exhibit One**, which I have previously provided to
15 the Office of Regulatory Staff, explain how the two companies have allocated expenses.
16 The MHP pays the majority of expenses for the operation of both companies. The
17 expenses are then allocated to the Utility Company based on the percentage allocations
18 provided.

19
20 **Q: How do you account for these allocations on the books of Lake Wylie?**

21 A: The expense allocations are made at the end of the year when the amount of work
22 and/or expenses paid on behalf of the Utility Company can be determined.

1 **Q.** **Does this conclude your testimony?**

2 **A.** Yes, it does.

Exhibit One

MAR 29 2005

ELLIS LAWHORNE
& SIMS, P.A.

March 23, 2005

State of South Carolina
Office of Regulatory Staff
Attn: Roy Barnet
Columbia, SC 29211

Re: Lake Wylie Utilities, Inc.
Response to inquiries regarding expense allocations and journal entries

Following are the factors we used to determine the percent allocation of expenses paid by Lake Wylie Mobile Home Community (LWMHC) for Lake Wylie Utilities, Inc (LWU).

A. Office Labor (Accounts 1-635-02 & 2-635-02): Office staff is involved in the collection of utility receipts, paying of utility company bills, addressing customer concerns and dealing with general office issues. The utility company services 284 customers: 95 from the utility company private lot owners and 189 from the mobile home community as of 12/31/2003.

B. Direct Labor (Accounts 1-635-01 & 2-635-01): There are 2 full-time maintenance employees on staff at all times. Approximately half of Jeff's time is spent overseeing the water and sewer plant operations, maintaining the plant equipment and addressing problem areas throughout the plant and community property. He must inspect the sewer plant twice a day, seven days a week, while other utility company maintenance issues take approximately 2 hours per day to address. The Number 2 well is located ½ mile down the road from the community property. The maintenance of the road is the responsibility of the utility company as well.

* (Payroll taxes, workman's comp insurance and group health insurance are added to the office and direct labor costs before being allocated to the utility company.)

C. Insurance (Accounts 1-657 & 2-657): Closer examination of the insurance coverage revealed that the utility company expense should \$5,225.00. Specific expense are as follows:

Park Policy	\$7,914.00
Umbrella	<u>768.00</u>
	8,682.00
	<u>x 50% allocated to Utility company</u>
	\$4,341.00
Auto: Ford F-150	415.00 (1 st six months of year)
Auto: Dodge	<u>+ 469.00 (2nd six months of year)</u>
	\$5,225.00

This breakdown is a little bit less than the previously reported figures.

James Yokum, Jr. ~ *Certified Public Accountant* • Beth Yarmak ~ *Accountant*

- D. Transportation (Accounts 1-650 & 2-650): There are 5 vehicles owned between LWMHC and LWU. LWU owns a dump truck and a pickup truck. Expenses on LWMHC books should then be allocated forty (40%) percent to LWU. The expense figure only included twenty-five (25%) percent of the repairs and maintenance cost. Fuel was not added at an additional cost of \$6,825.07 before allocation to the utility company for gas. Total transportation cost, including gas, was \$4,819.49 + 6,825.07 = \$11,644.56 x 40% = \$4,657.82, not the \$1,204.88 previously allocated,
- E. Office (Accounts 1-676 & 2-676): Includes expenses for postage, general office products, customer credit check reports and office cleaning and maintenance. Although more postage, paper supplies and ink are used for billing utility company customers, only twenty-five (25%) of the office expense was allocated to LWU because credit check report fees are not part of their operating expense. The utility company should be reimbursing LWMHC for rent of the building and use of the utilities.
- F. Telephone (Accounts 1-676 & 2-676): Includes expenses for the office phone and staff cell / walkie-talkie phones. Twenty-five (25%) percent is a modest allocation.

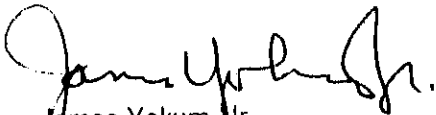
Answers to questions regarding journal entries:

- 1. The expenses credited in JE 677 were total expenses paid by LWU before they were allocated fifty (50%) percent to the water and sewer expense.
- 2. Specific details are addressed in paragraphs A – F above.
- 3. JE 671 recorded the invoice from J&G Environmental for December 2003's work that was not paid until January 2004.
- 4. Some of the vehicle insurance was paid in December 2002 but pertained to periods after January 1, 2003.
- 5. Insurance expense is detailed in paragraph C above.
- 6. JE 675 is explained in paragraphs A – F above. JE 677 is explained in answer # 1.
- 7. The Ford F-150 was purchased 6/20/2001 for \$30,803.56. Depreciation taken was \$12,321.43 leaving a basis of \$18,482.13. The truck was traded in on 7/12/2003 for \$11,829.80 (the tax basis) leaving a loss of \$6,653.13. JE 677 splits the loss fifty (50%) percent to water and sewer.
- 8. Check was originally posted to clearing and later reclassified fifty (50%) percent to water and sewer.
- 9. JE 676 is the same as JE 675. JE 675 allocates fifty (50%) percent of the expenses paid by LWMHC for LWU to water. JE 676 allocates fifty (50%) percent of the expenses paid by LWMHC for LWU to sewer.
- 10. Specific details are addressed in paragraph A above.

11. JE 667 allocates repairs done by LWMHC for LWU. The details of the repairs are attached and include the use of the equipment owned by LWMHC. JE 669 reversed a 2002 bill that was paid in 2003, which had already been expensed in 2002. JE 670 reclassifies Check 2102, dated 5/9/03, written to J&G Environmental for \$1,320 that should have been allocated \$1,270 to water and \$50 to sewer. JE 671 is explained in answer # 3. JE 678 reclassified all the sewer repairs and maintenance expense to one account, 2-636-00.
12. JE 679 was previously explained in answer # 4.
13. JE 676 was previously explained in answer # 9.
14. JE 676 was previously explained in answer # 9. JE 677 was previously explained in answer # 6.
15. JE 677 was previously explained in answers # 6 and # 7.
16. (JE 667) Should be JE 666 - Truck top was purchased by LWMHC for \$1,054.70. The cost was added to the basis of the 2003 Dodge Ram.
17. JE 668 records four weeks of guaranteed payments made by LWMHC for LWU.
18. JE 672 records gifts each parent makes annually to give a small percentage of the utility company ownership to each of their three children.
19. JE 674 was previously explained in answer # 7.

Calculations for truck depreciation are also attached. Hopefully this information answers your questions.

Sincerely,



James Yokum, Jr.
Enc.

**Lake Wylie Mobile Home Community
Charges to Lake Wylie Utilities**

				<u>LWU a/c</u>				
<u>LWMHC a/c</u>		<u>Total</u>	<u>Allocated</u>	<u>A/C</u>	<u>Water Amount</u>	<u>A/C</u>	<u>Sewer Amount</u>	
6100	Jeff	<u>29,078.01</u>	50%		7,269.50		7,269.50	A1-3
6110	Cindy	27,047.50						
	Angela	<u>2,550.00</u>						
		<u>29,597.50</u>	50%		7,399.38		7,399.38	B1-3
	Subtotal				<u>14,668.88</u>		<u>14,668.88</u>	
6200	Payroll Taxes FICA & MED		7.65%		1,122.17		1,122.17	
	First \$7,000 FUTA		0.80%		33.10		33.10	P.T.
	First \$7,000 SUTA		0.80%		33.10		33.10	1-11
	Total Payroll Taxes				<u>1,188.37</u>		<u>1,188.37</u>	
	Jeff's portion	556.12	28.00		<u>-584.12</u>		<u>-584.12</u>	
	Balance Office				<u>604.25</u>		<u>604.25</u>	
6320	W/C Insurance	1,957.74	35%		342.60		342.60	WC-1
	Jeff's portion		95%		<u>-325.47</u>		<u>-325.47</u>	
	Balance Office				<u>17.13</u>		<u>17.13</u>	
6300	Group Health In	25,146.36	35%		4,400.61		4,400.61	G.H-1
	Jeff's portion	7269.5/14668.88=			<u>-2,180.83</u>		<u>-2,180.83</u>	
	Balance Office				<u>2,219.78</u>		<u>2,219.78</u>	
Total Direct Labor				1-635-01	10,359.92	2-635-01	10,359.92	
Total Office Labor				1-635-02	10,240.54	2-635-02	10,240.54	
6310	Insurance	16,102.62	35%	1-657	2,817.96	2-657	2,817.96	C1-2
6250	Transportation	4,819.49	25%	1-650	602.44	2-650	602.44	D1-4
7100	Office	4,771.51	25%	1-676	596.44	2-676	596.44	E1-2
7700	Telephone	9,217.09	25%	1-676	<u>1,152.14</u>	2-676	<u>1,152.14</u>	F1-2
Total					<u>25,769.44</u>		<u>25,769.44</u>	

A-F

Document #	Reference	Source Code	Balance Forward	Period Activity	Comment Balance
6100-00: Salaries - Park	(continue)				
1380	Robertson, Jeffrey W.	CKPR	11/20/03	534.00	
1381	Distefano IV, Anthony F	CKPR	11/20/03	261.63	
1399	Robertson, Jeffrey W.	CKPR	11/26/03	510.00	
1401	Distefano IV, Anthony F	CKPR	11/26/03	255.88	
	Payroll Checks (CKPR)			3,399.02	
	As of Period 11/2003			3,399.02	40,370.32
GJ-00011992	GLGJ	12/31/03		-1,696.50	To correct 1/2004 payroll
	General Journal Summary (GLGJ)			-1,696.50	
1410	Robertson, Jeffrey W.	CKPR	12/04/03	498.00	
1411	Distefano IV, Anthony F	CKPR	12/04/03	411.13	
1441	Robertson, Jeffrey W.	CKPR	12/11/03	534.00	
1443	Distefano IV, Anthony F	CKPR	12/11/03	353.63	
1446	Robertson, Jeffrey W.	CKPR	12/11/03	950.00	
1447	Distefano IV, Anthony F	CKPR	12/11/03	150.00	
1456	Robertson, Jeffrey W.	CKPR	12/18/03	546.00	
1457	Distefano IV, Anthony F	CKPR	12/18/03	319.13	
1469	Robertson, Jeffrey W.	CKPR	12/24/03	552.00	
1470	Distefano IV, Anthony F	CKPR	12/24/03	267.38	
1472	Robertson, Jeffrey W.	CKPR	12/24/03	480.00	
1477	Distefano IV, Anthony F	CKPR	12/31/03	365.13	
1534	Robertson, Jeffrey W.	CKPR	01/15/04	537.00	
1536	Distefano IV, Anthony F	CKPR	01/15/04	316.25	
1538	Robertson, Jeffrey W.	CKPR	01/22/04	573.00	
1539	Distefano IV, Anthony F	CKPR	01/22/04	270.25	
	Payroll Checks (CKPR)			7,122.90	
	As of Period 12/2003			5,426.40	45,796.72
Total Balance Forward			0.00		
Total Activity				45,796.72	
Total Ending Balance					45,796.72

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Lake Wylie Mobile Home Community
General Ledger Activity

Page 3

Document #	Reference	Source Code	Balance Forward	Period Activity	Comment Balance
6110-00 Salaries - Office 1540	(continue) Baker, Cynthia L.	CKPR 01/22/04		500.00	
		Payroll Checks (CKPR)		4,230.00	
		As of Period 12/2003		3,180.00	30,022.50
Total Balance Forward			0.00		
Total Activity				30,022.50	
Total Ending Balance					30,022.50

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Lake Wylie Mobile Home Community
General Ledger Activity

Page 11

Document #	Reference	Source Code	Balance Forward	Period Activity	Comment Balance
6200-00 Taxes - Payroll	(continue)				
1533	Robertson, Angela	UPGJ	01/15/04	0.73	
1533	Robertson, Angela	UPGJ	01/15/04	0.40	
1533	Robertson, Angela	UPGJ	01/15/04	0.55	
1536	Distefano IV, Anthony F	UPGJ	01/15/04	19.61	
1536	Distefano IV, Anthony F	UPGJ	01/15/04	4.59	
1536	Distefano IV, Anthony F	UPGJ	01/15/04	2.53	
1536	Distefano IV, Anthony F	UPGJ	01/15/04	3.48	
1540	Baker, Cynthia L.	UPGJ	01/22/04	31.00	
1540	Baker, Cynthia L.	UPGJ	01/22/04	7.25	
1540	Baker, Cynthia L.	UPGJ	01/22/04	4.00	
1540	Baker, Cynthia L.	UPGJ	01/22/04	5.50	
1538	Robertson, Jeffrey W.	UPGJ	01/22/04	35.53	
1538	Robertson, Jeffrey W.	UPGJ	01/22/04	8.31	
1538	Robertson, Jeffrey W.	UPGJ	01/22/04	4.58	
1538	Robertson, Jeffrey W.	UPGJ	01/22/04	6.30	
1539	Distefano IV, Anthony F	UPGJ	01/22/04	16.76	
1539	Distefano IV, Anthony F	UPGJ	01/22/04	3.92	
1539	Distefano IV, Anthony F	UPGJ	01/22/04	2.16	
1539	Distefano IV, Anthony F	UPGJ	01/22/04	2.97	
	Payroll Employer Contributions (UPGJ)			921.09	
	As of Period 12/2003			658.76	6,261.79
Total Balance Forward			0.00		
Total Activity				6,261.79	
Total Ending Balance					6,261.79

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Lake Wylie Mobile Home Community
General Ledger Activity

Page 1

Period: 1/2003 - 12/2003
GL account: Selected
Source code: All

Document #	Reference	Source Code	Balance Forward	Period Activity	Comment Balance
6320-00 Insurance - Workman's Comp			0.00		
18470	Everest Reinsurance Co.	CKCP 01/06/03		158.71	
	Cash Disbursements (CKCP)			158.71	
	As of Period 1/2003			158.71	158.71
18561	Everest Reinsurance Co.	CKCP 02/05/03		158.71	
	Cash Disbursements (CKCP)			158.71	
	As of Period 2/2003			158.71	317.42
18628	Everest Reinsurance Co.	CKCP 03/06/03		158.52	
18666	The Hartford	CKCP 03/31/03		397.00	
	Cash Disbursements (CKCP)			555.52	
	As of Period 3/2003			555.52	872.94
18738	Everest Reinsurance Co.	CKCP 04/28/03		317.04	
	Cash Disbursements (CKCP)			317.04	
	As of Period 4/2003			317.04	1,189.98
	As of Period 5/2003				1,189.98
1023	Everest Reinsurance Co.	CKCP 06/25/03		317.04	
	Cash Disbursements (CKCP)			317.04	
	As of Period 6/2003			317.04	1,507.02
	As of Period 7/2003				1,507.02
1138	Everest Reinsurance Co.	CKCP 08/07/03		158.52	
	Cash Disbursements (CKCP)			158.52	
	As of Period 8/2003			158.52	1,665.54
	As of Period 9/2003				1,665.54
	As of Period 10/2003				1,665.54
	As of Period 11/2003				1,665.54
GJ-00011987		GLGJ 12/31/03		292.20	To reclassify workman's comp in
	General Journal Summary (GLGJ)			292.20	
	As of Period 12/2003			292.20	1,957.74
Total Balance Forward			0.00		
Total Activity				1,957.74	
Total Ending Balance					1,957.74

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Lake Wylie Mobile Home Community
General Ledger Activity

Page 1

Period: 1/2003 - 12/2003
GL account: Selected
Source code: All

Document #	Reference	Source Code	Balance Forward	Period Activity	Comment Balance
6300-00 Insurance - Group			0.00		
18469	Blue Cross/Blue Shield	CKCP 01/06/03		1,884.76	
		Cash Disbursements (CKCP)		1,884.76	
		As of Period 1/2003		1,884.76	1,884.76
18538	Blue Cross/Blue Shield	CKCP 02/03/03		1,884.76	
		Cash Disbursements (CKCP)		1,884.76	
		As of Period 2/2003		1,884.76	3,769.52
18605	Blue Cross/Blue Shield	CKCP 03/03/03		1,884.76	
		Cash Disbursements (CKCP)		1,884.76	
		As of Period 3/2003		1,884.76	5,654.28
18680	Blue Cross/Blue Shield	CKCP 04/02/03		1,884.76	
		Cash Disbursements (CKCP)		1,884.76	
		As of Period 4/2003		1,884.76	7,539.04
18751	Blue Cross/Blue Shield	CKCP 05/01/03		2,098.99	
		Cash Disbursements (CKCP)		2,098.99	
		As of Period 5/2003		2,098.99	9,638.03
18836	Blue Cross/Blue Shield	CKCP 06/05/03		2,098.99	
		Cash Disbursements (CKCP)		2,098.99	
		As of Period 6/2003		2,098.99	11,737.02
1050	Blue Cross/Blue Shield	CKCP 07/07/03		2,098.99	
		Cash Disbursements (CKCP)		2,098.99	
		As of Period 7/2003		2,098.99	13,836.01
1129	Blue Cross/Blue Shield	CKCP 08/01/03		2,262.07	
		Cash Disbursements (CKCP)		2,262.07	
		As of Period 8/2003		2,262.07	16,098.08
1200	Blue Cross/Blue Shield	CKCP 09/03/03		2,262.07	
		Cash Disbursements (CKCP)		2,262.07	
		As of Period 9/2003		2,262.07	18,360.15
1277	Blue Cross/Blue Shield	CKCP 10/01/03		2,262.07	
		Cash Disbursements (CKCP)		2,262.07	
		As of Period 10/2003		2,262.07	20,622.22
1351	Blue Cross/Blue Shield	CKCP 11/06/03		2,262.07	
		Cash Disbursements (CKCP)		2,262.07	
		As of Period 11/2003		2,262.07	22,884.29
1418	Blue Cross/Blue Shield	CKCP 12/04/03		2,262.07	
		Cash Disbursements (CKCP)		2,262.07	
		As of Period 12/2003		2,262.07	25,146.36
Total Balance Forward			0.00		
Total Activity				25,146.36	
Total Ending Balance					25,146.36

GH-1

Document #	Reference	Source Code	Balance Forward	Period Activity	Comment Balance
6310-00 Insurance - Other	(continue)				
		General Journal Summary (GLGJ)		124.13	
1139	Nationwide Insurance	CKCP 08/07/03		326.00	
1157	Stan Taylor Insurance	CKCP 08/13/03		93.34	
1188	Nationwide Insurance	CKCP 08/28/03		204.00	
1189	Stan Taylor Insurance	CKCP 08/28/03		657.00	
		Cash Disbursements (CKCP)		1,280.34	
		As of Period 8/2003		1,404.47	11,048.20
JE # 11925		GLGJ 09/30/03		124.13	To write-off current insurance
		General Journal Summary (GLGJ)		124.13	
1233	Nationwide Insurance	CKCP 09/12/03		2,026.00	
		Cash Disbursements (CKCP)		2,026.00	
		As of Period 9/2003		2,150.13	13,198.33
JE # 11938		GLGJ 10/31/03		124.13	To write-off current month's in
		General Journal Summary (GLGJ)		124.13	
1285	Stan Taylor Insurance	CKCP 10/06/03		657.00	
1286	Stan Taylor Insurance	CKCP 10/06/03		93.34	
1318	Nationwide Insurance	CKCP 10/09/03		419.00	
		Cash Disbursements (CKCP)		1,169.34	
		As of Period 10/2003		1,293.47	14,491.80
JE # 11946		GLGJ 11/30/03		62.04	To w/o current month's insuranc
		General Journal Summary (GLGJ)		62.04	
1343	Stan Taylor Insurance	CKCP 11/05/03		1,748.87	
1350	Stan Taylor Insurance	CKCP 11/06/03		150.00	
		Cash Disbursements (CKCP)		1,898.87	
		As of Period 11/2003		1,960.91	16,452.71
GJ-00011987		GLGJ 12/31/03		-292.20	To reclassify workman's comp in
GJ-00011988		GLGJ 12/31/03		-1,558.57	To set-up 12/31/03 pre-pd insur
		General Journal Summary (GLGJ)		-1,850.77	
1413	Stan Taylor Insurance	CKCP 12/04/03		657.00	
1414	Stan Taylor Insurance	CKCP 12/04/03		93.34	
1482	Stan Taylor Insurance	CKCP 12/31/03		657.00	
1483	Stan Taylor Insurance	CKCP 12/31/03		93.34	
		Cash Disbursements (CKCP)		1,500.68	
		As of Period 12/2003		-350.09	16,102.62
Total Balance Forward			0.00		
Total Activity				16,102.62	
Total Ending Balance					16,102.62

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Lake Wylie Mobile Home Community
General Ledger Activity

Page 2

Document #	Reference	Source Code	Balance Forward	Period Activity	Comment Balance
6250-00 Truck/Auto Expense	(continue)				
GJ-00011966		GLGJ	12/31/03	475.39	To reclassify Check 1339
		General Journal Summary (GLGJ)		475.39	
1408	American Express	CKCP	12/02/03	43.00	
1427	NAPA Auto Parts	CKCP	12/04/03	236.06	
1428	NAPA Auto Parts	CKCP	12/04/03	14.05	
1480	US Bank - VISA	CKCP	12/31/03	101.96	
		Cash Disbursements (CKCP)		395.07	
		As of Period 12/2003		870.46	4,819.49
Total Balance Forward			0.00		
Total Activity				4,819.49	
Total Ending Balance					4,819.49

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Lake Wylie Mobile Home Community
General Ledger Activity

Page 2

Document #	Reference	Source Code	Balance Forward	Period Activity	Comment Balance
6820-00 Fuel & Oil	(continue)				
1480	US Bank - VISA	CKCP	12/31/03	75.35	
1481	American Express	CKCP	12/31/03	304.33	
		Cash Disbursements (CKCP)		1,559.09	
		As of Period 12/2003		1,559.09	8,577.82
Total Balance Forward			0.00		
Total Activity				8,577.82	
Total Ending Balance					8,577.82

<1752.75> Propane
6,825.07

Document #	Reference	Source Code	Balance Forward	Period Activity	Comment Balance
7100-00 Office Expense	(continue)				
	General Journal Summary (GLGJ)			46.50	
1127	Corporate Express	CKCP	08/01/03	170.44	
1128	Equifax	CKCP	08/01/03	50.96	
1146	The Shamrock Flower Shop	CKCP	08/07/03	85.33	
1179	US Postmaster	CKCP	08/25/03	22.10	
1193	Equifax	CKCP	08/28/03	50.00	
	Cash Disbursements (CKCP)			378.83	
	As of Period 8/2003			425.33	2,113.60
1201	US Bank - VISA	CKCP	09/03/03	740.90	
1239	US Postmaster	CKCP	09/17/03	22.14	
1244	US Postmaster	CKCP	09/19/03	9.85	
1266	US Postmaster	CKCP	09/26/03	5.89	
	Cash Disbursements (CKCP)			778.78	
	As of Period 9/2003			778.78	2,892.38
1276	Equifax	CKCP	10/01/03	50.20	
1316	US Postmaster	CKCP	10/08/03	13.65	
1329	Walmart	CKCP	10/25/03	46.40	
1337	US Postmaster	CKCP	10/31/03	26.52	
	Cash Disbursements (CKCP)			136.77	
	As of Period 10/2003			136.77	3,029.15
1353	Equifax	CKCP	11/06/03	50.56	
1362	US Bank - VISA	CKCP	11/06/03	70.94	
1385	US Postmaster	CKCP	11/13/03	4.88	
1392	Access Integrated Systems	CKCP	11/21/03	110.84	
1395	US Postmaster	CKCP	11/24/03	7.05	
	Cash Disbursements (CKCP)			244.27	
	As of Period 11/2003			244.27	3,273.42
1406	CVS	CKCP	12/02/03	46.07	
1407	US Postmaster	CKCP	12/02/03	32.33	
1409	US Postmaster	CKCP	12/03/03	22.38	
1425	Equifax	CKCP	12/04/03	50.20	
1429	US Postmaster	CKCP	12/05/03	14.75	
1430	CRS -	CKCP	12/08/03	100.00	- Toner Cartridge
1462	US Postmaster	CKCP	12/22/03	4.42	
1463	York County Magistrate	CKCP	12/22/03	30.00	
1467	CRS	CKCP	12/23/03	125.00	- Toner Cartridge
1468	Honeybaked Ham	CKCP	12/24/03	388.37	
1480	US Bank - VISA	CKCP	12/31/03	184.57	
1481	American Express	CKCP	12/31/03	500.00	
	Cash Disbursements (CKCP)			1,498.09	
	As of Period 12/2003			1,498.09	4,771.51
Total Balance Forward			0.00		
Total Activity				4,771.51	
Total Ending Balance					4,771.51

Lake Wylie Mobile Home Community
General Ledger Activity

Document #	Reference	Source Code	Balance Forward	Period Activity	Comment Balance
7700-00 Telephone	(continue)				
		Cash Disbursements (CKCP)		468.97	
		As of Period 8/2003		468.97	6,199.26
1195	AT & T	CKCP 09/02/03		70.67	
1217	Alltel	CKCP 09/10/03		157.65	
1235	Access Integrated Network	CKCP 09/12/03		115.40	
1247	Bell South	CKCP 09/22/03		106.81	
		Cash Disbursements (CKCP)		450.53	
		As of Period 9/2003		450.53	6,649.79
1267	Nextel	CKCP 10/01/03		40.81	
1270	AT & T	CKCP 10/01/03		185.65	
1291	Alltel	CKCP 10/06/03		307.44	
1325	Access Integrated Network	CKCP 10/20/03		119.83	
1333	Nextel	CKCP 10/28/03		107.75	
		Cash Disbursements (CKCP)		761.48	
		As of Period 10/2003		761.48	7,411.27
1354	Alltel	CKCP 11/06/03		553.29	
1367	Bell South	CKCP 11/11/03		109.35	
		Cash Disbursements (CKCP)		662.64	
		As of Period 11/2003		662.64	8,073.91
GJ-00011972		GLGJ 12/31/03		404.54	To record 12/31/03 accounts pay
		General Journal Summary (GLGJ)		404.54	
1405	US Bank - VISA	CKCP 12/01/03		45.00	
1415	Nextel	CKCP 12/04/03		33.24	
1420	Bell South	CKCP 12/04/03		109.99	
1422	AT & T	CKCP 12/04/03		129.57	
1423	Alltel	CKCP 12/04/03		312.97	
1452	Access Integrated Network	CKCP 12/11/03		107.87	
		Cash Disbursements (CKCP)		738.64	
		As of Period 12/2003		1,143.18	9,217.09
Total Balance Forward			0.00		
Total Activity				9,217.09	
Total Ending Balance					9,217.09

#5

2003

2/3 101 Ashwood rodged out sewer #350

2/10 Dug up water valves on empty lots & repaired #
25 - \$100 #2,500.00

5/13 Dug up main going down to Well #2, &
replaced repair sleeve. WAT
\$500.00

6/30 120 R.M. RAN NEW LINE FROM MAIN #650.00 WAT

8/26 123 SVC. RODDED OUT ROOTS #250 500

9/1 184 B.T. RODDED OUT ROOTS #250 500

9/15 180 B.T. RAN NEW LINE FROM MAIN #650.00 WAT

9/1 1256 SOUTH WOODS RAN NEW LINE FROM STREET WAT
THEN UNDER HOUSE #750.00

~~0000000000~~

5900

SEWER
WATER

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#11

PREPARED BY	WORK PAPER NO.
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BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2004-353-W/S

IN RE:

Application of Lake Wylie Community
Utilities, Inc. for Adjustment in Rates
And Charges for Water and Sewer
Services

)
)
)
)
) **CERTIFICATE OF SERVICE**
)
)
)

This is to certify that I have caused to be served this day, one (1) copy of the **Testimony of John Malpeli and James Yokum, Jr.** by placing a copy of same in the care and custody of the United States Postal Service (unless otherwise specified), with proper first-class postage affixed hereto and addressed as follows:

Office of Regulatory Staff
Legal Department
PO Box 11263
Columbia SC 29211



Carol Roof

March 30, 2005
Columbia, South Carolina